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No. 86-1555

In The
Supreme Court of the United States
October Term, 1986

ORECK CORPORATION,

Petitioner,

vs.

U. S. FLOOR SYSTEMS, INC.,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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STATEMENT OF FACTS

U. S. Floor manufactures a line of carpet extraction machines under the federally registered trademark "STEAMEX." Each machine is identified by a model designation indicating the series (e.g. "PRO" or "DELUXE") and capacity (e.g. 10 for 10 gallons) of the machine. In 1982, U. S. Floor introduced an upgraded model of its STEAMEX DELUXE 15 machine. It included an extra blower and high pressure pump. The suffix XL was arbitrarily selected to distinguish this upgraded model from the pre-existing STEAMEX DELUXE 15.

One year after introducing the STEAMEX DELUXE 15 XL, U. S. Floor received a letter from Oreck charging infringement. Counsel for U. S. Floor reviewed this charge, and determined that there was no infringement, in part because DELUXE 15 XL was simply a model designation for one of some 20 different machines produced by U. S. Floor.

U. S. Floor decided not to become involved in needless, time consuming and expensive litigation, especially over a relatively unimportant model designation. Accordingly U. S. Floor agreed to phase out its use of STEAMEX DELUXE 15 XL. U. S. Floor Systems offered to change the model designation to DELUXE XLS. This offer was rejected by Oreck. Subsequently, the designation was changed to DELUXE 15 X2. This change was effective April 15, 1984, prior to the institution of this action.

Nevertheless, Oreck instituted this suit on May 9, 1984, and has vigorously pursued a substantial monetary award

even though U. S. Floor has discontinued use of the offending model designation and never realized any profit therefrom.

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REASONS FOR DENYING THE WRIT

I.

THE FIFTH CIRCUIT APPLIED THE PROPER STANDARD OF REVIEW

In its opinion (A.10a)[1], the Fifth Circuit set forth the standard of review:

> "The next question is whether the jury verdict is supported by the evidence. The verdict must be upheld 'unless the facts and inferences point so strongly and overwhelmingly in favor of one party that reasonable persons could not arrive at a contrary verdict.' *Conan Properties, Inc. vs. Conan's Pizza, Inc.,* 752 F.2d 145, 149 (5th Cir. 1985). In other words, we must determine 'whether the jury had before it any competent and substantial evidence that fairly supports the verdict.' " (Citation omitted).

The standard of review applied by the Fifth Circuit is precisely the same standard set forth by this Court. *Abrams vs. United States,* 250 U.S. 616, 619 (1919); *Mortensen vs. United States,* 322 U.S. 369, 374 (1945). To no avail, therefore, are Petitioner's contentions that the Fifth Circuit failed to apply an appropriate standard of review.

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[1] References are to Appendix accompanying Petitioner's brief.

II.

THE EVIDENCE PRESENTED, FAIRLY CONSIDERED, POINTS TO ONLY ONE CONCLUSION— NO INFRINGEMENT

The Fifth Circuit applied the same test for determining likelihood of confusion which is universally applied in other cases by other courts of appeals:

> "The question of likelihood of confusion is decided by considering a variety of factors including:
>
> (1) strength of the plaintiff's mark; (2) similarity of the design between the marks; (3) similarity of the product; (4) identity of retail outlets and purchasers; (5) similarity of advertising media used; (6) the defendant's intent; (7) actual confusion; and (8) degree of care exercised by potential purchasers."
> (A. 11a)

Each of these eight factors were deemed relevant to the assessment of the likelihood of confusion by the Fifth Circuit. In a detailed opinion the court held:

1. The mark XL is not arbitrary or fanciful. Spoken, XL is a homonym for "excel," connoting excellence. Oreck regularly advertised its mark in connection with the words "extended life," descriptive language that diluted the distinctiveness of the mark. (A. 11a)

2. Unlike Oreck, which frequently advertised the mark standing alone, U. S. Floor invariably used it in connection with the full name of the product, STEAMEX DELUXE 15 XL. In its advertisements, the word STEAMEX is in larger print than XL and is unquestionably the attention getting feature. Further, the advertisements clearly in-

dicate that U. S. Floor is the maker of the product. Thus, when viewed in proper context, STEAMEX DELUXE 15 XL has only a slight similarity to Oreck's trademark.

3. Oreck does not produce any machines which are functionally equivalent to U. S. Floor's carpet extraction machines. Oreck recognized the functional dissimilarities between its product and extraction machines in a 1975 letter to the United States Patent and Trademark Office. Oreck's counsel argued that Oreck's electric carpet shampooers were "wholly unrelated" to the carpet extraction machines which were the subject of a previous registration; that its electric shampooers moved through different channels of trade and were sold to a different class of purchasers from those to whom carpet extraction machines are sold. (A. 13a, 14a)

4. U. S. Floor's carpet extraction machines are sold almost exclusively to professional contractors who come into homes or commercial establishments and clean rugs for a fee. Oreck's vacuums and electric carpet shampooers, on the other hand, are sold primarily to individuals and commercial establishments that clean their own rugs. (A. 14a)

5. The record does not support the finding of intent to deceive. U. S. Floor arbitrarily selected the XL suffix when it upgraded its existing STEAMEX DELUXE 15 carpet extraction machine to distinguish the upgraded model from the existing model. In its advertising, U. S. Floor prominently displayed its own federally registered trademark STEAMEX and clearly identified itself as the maker of its carpet extraction machines. When faced with Oreck's charges of infringement, U. S. Floor took imme-

diate steps to phase out use of the designation Deluxe 15 XL, and did in fact completely cease use of that designation by May 1, 1984, prior to the institution of the present suit. These are not the actions of an intentional infringer. (A. 15a, 16a)

6. There was no evidence that anyone in the distribution chain for either of the parties' products was misled by U. S. Floor's use of the name STEAMEX DELUXE 15 XL. In view of the concurrent use of the STEAMEX DELUXE 15 XL name and Oreck's XL mark for 17 months, Oreck's inability to point to a single incident of actual confusion is highly significant. (A. 16a)

7. The persons who purchase U. S. Floor's carpet extraction machines are buying for professional and institutional purposes at a cost in the thousands of dollars. Thus, they are virtually certain to be informed, deliberative buyers. This is not the sort of purchasing environment in which confusion flourishes. (A. 16a, 17a)

In view of the Fifth Circuit's extensive analysis of each of the relevant factual determinations, it is specious to state that the Fifth Circuit failed to consider all the evidence.

III.

THERE ARE NO IMPORTANT QUESTIONS OF FEDERAL LAW OR CONFLICTS BETWEEN FEDERAL COURTS OF APPEALS

Oreck labors to show that some important questions of federal law exist. There are none.

Section 33(b) (15 U.S.C. 1115(b)) of the Lanham Act, which provides that an incontestable registration shall be

conclusive evidence of the registrant's exclusive right to use the registered mark in commerce, does not itself create a cause of action. *Neil Ceramics and Glass, Inc. vs. Dash,* 618 F.Supp. 700 (D.N.J. 1985). Professor McCarthy's observations on this point are pertinent:

> "while incontestability grants a conclusive presumption of the exclusive right to use the registered mark, this does not relieve the registrant of proving likelihood of confusion. That is, incontestability relates to the validity of the mark and does not eliminate the necessity of proving infringement."

McCarthy, Trademarks and Unfair Competition, § 32.44(d) (2d Ed. 1984 and Supp. 1986)

In proving likelihood of confusion, a plaintiff is not aided by any presumption that confusion is automatically likely if a junior user has a mark which contains in part the whole of another's mark. See McCarthy, *supra,* § 23.15 (a), at 82. Since Oreck failed to prove likelihood of confusion by competent and substantial evidence, the decision of the Fifth Circuit is consistent with both 15 USC 1115(b) and 15 USC 1114(1).

The purported conflicts between the decisions of the Fifth Circuit and other Federal Courts of Appeal also evaporate under scrutiny. In no area of the law may it be more accurately stated that "[e]ach case must be decided on its own facts and the differences are often subtle ones." *Industrial Nucleonics Corp. vs. Hinde,* 475 F.2d 1197, 1199 (CCPA 1973); *Accord, Interstate Brands vs. Celestial Seasonings, Inc.,* 576 F.2d 926, 927 (CCPA 1978).

While there are decisions which have held that the addition of a housemark to one of two otherwise similar

marks may not be of itself sufficient to avoid a likelihood of confusion, there is no flat rule that the presence of a housemark will never prevent a likelihood of confusion. McCarthy, *supra*, § 23.15(b), at 82. Each case requires consideration of the effect of the entire mark including any term in addition to that which closely resembles the opposing mark. *Rockwood Chocolate Company, Inc. vs. Hoffman Candy Company*, 372 F.2d 552 (CCPA 1967). In accordance with this reasoning, the Court of Customs and Patent Appeals as well as other Federal Courts of Appeal have held that where there are some recognizable differences in the asserted conflicting portions of the marks or where the asserted common portions of the marks are suggestive or play upon commonly used or registered designations, the inclusion of a housemark is sufficient to avoid a likelihood of confusion. See, *Rockwood*, supra; *New England Fish Company vs. Hervin Company*, 511 F. 2d 562 (CCPA 1975); *AMF, Inc. vs. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979); *R. G. Berry vs. A. Sandler Company*, 406 F.2d 1114 (1st Cir. 1969). The facts of the instant case fall well within one or both of these recognized principles.

Similarly, while actual confusion is not necessary to a finding of likelihood of confusion, the absence of actual confusion may have significant probative value where there has been a long period of concurrent use of the marks. *Amstar Corp. vs. Domino's Pizza, Inc.*, 615 F.2d 252 (5th Cir. 1980) *reh'g denied* 617 F.2d 295, *cert. denied* 449 U.S. 899; *Affiliated Hospital Products, Inc. vs. Merdel Game Manufacturing Company*, 513 F.2d 1183 (2nd Cir. 1975). The Court's statement that "nothing short of a showing of actual confusion would be strong enough to swing the

case in its favor" is an assessment of the strength of Oreck's case on other relevant factors—not a new rule of law. Oreck's contention that the Fifth Circuit required actual confusion is belied by the Fifth Circuit's express statement that "actual confusion is not necessary to a finding of likelihood of confusion." (A. 16a)

CONCLUSION

The Fifth Circuit applied the proper standard of review. Moreover, the decision below does not introduce a conflict between circuits or an important question of federal law which should be resolved by this Court. Respondent requests that the Petition For A Writ of Certiorari be denied.

Respectfully submitted,

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